Union have taken initiative to encourage investment in India but are feeling reluctant regarding the slow progress of infrastructural development and negative attitude of Indian bureaucracy; and

(b) if so, Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) During the India-EU summit held in New Delhi in September, 2005, participants from U.K. and Europe assured Government of their abiding interest in investing in India and in the opportunities India offered.

(b) Government is taking steps to improve Infrastructure and Governance.

Rural credit by banks

612. SHRI V. NARAYANASAMY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that rural credit extended by various Public Sector Banks in the country in the agriculture sector is only 36 percent; and

(b) if so, what measures Government propose to take to achieve 100 percent in extending rural credit in the farm sector?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Government made an announcement on 18th June 2004 on doubling the flow of agricultural credit in three years. The target for credit for agriculture and allied activities was fixed at Rs. 1,05,000 crore during the year 2004-05. The actual disbursement by the Public Sector Commercial Banks in 2004-05 in this regard was Rs. 64,610 crore as against the total disbursement of Rs. 1,15,242 crore (i.e. 56 per cent of total). Further, following steps have been taken, *inter-alia,* to provide easier loans to farmers and people living in rural areas:

(i) The banks have been asked to simplify the procedure for sanction of loan.

(ii) One page documentation has been circulated among banks for adoption.

(iii) Reserve Bank of India has instructed banks not to insist on collateral or margin for loans upto Rs. 50000/-.

(iv) Banks have been asked to issue Kisan Credit Cards to all eligible farmers.

(v) Financing of Self Groups is being emphasised.

(vi) A project has been initiated for lending by banks to joint liability groups of tenant farmers and oral lessees.

Expansion of financial sectors

† 613. SHRI RAJ MOHINDER SINGH MAJITHA:
DR. MURLI MANOHAR JOSHI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Treasury Secretary of America John Snow had urged that financial sectors of India should be expanded with a view to encourage foreign exchange;

(b) if so, when such request was made;

(c) whether it is also fact that Government have decided to increase foreign exchange investment in financial sector, insurance and also in estate construction companies, and

(d) if so, the date of decision taken alongwith details of benefit to the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b)The US Treasury Secretary, John W. Snow led an official delegation to India to co-chair the India-U.S. Financial & Economic Forum on 9th November 2005. The delegations *inter-alia* discussed India's efforts to strengthen its financial system and lower the costs of financial intermediation.

(c) and (d) In terms of Foreign Direct Investment (FDI) Policy, FDI is permitted in: (i) 19 NBFC activities, upto 100% (subject to minimum capitalization norms); (ii) Banking Sector, subject to caps; (iii) Asset Reconstruction Companies, subject to caps, Separately, in Insurance Sector, FDI is permitted subject to caps.

Presently, FDI is allowed upto 100% under the automatic route in township, housing built-up infrastructure and construction-development

†Original notice of the question was received in Hindi.